

Testimony of  
Yvonne “Bonnie” Gonzalez  
Chief Executive Officer of the  
Rio Grande Valley Empowerment Zone Corporation

*before the*

Housing and Community Opportunity Subcommittee  
House Financial Services Committee  
House of Representatives  
March 14, 2002

Good Morning, Chairman Roukema, Ranking Member Frank and members of the Subcommittee on Housing and Community Opportunity.

My name is Yvonne “Bonnie” Gonzalez. I currently serve as the Chief Executive Officer of the Rio Grande Valley Empowerment Zone Corporation (RGVEZC). I have been with the RGVEZC since 1995 and am the founding CEO (**Attachment C – Bio**). The Rio Grande Valley Empowerment Zone Corporation is a 501c 3, private non-profit corporation. We are one of the original Round I Rural Empowerment Zone designations that received a federal investment of \$40 million (**See Attachment D RGVEZC PowerPoint**).

On behalf of the RGVEZC, and our numerous public/private sector partners, I would like to thank you for the opportunity to address the Housing and Community Development Subcommittee’s topic **“Review of the Community Development Block Grant Program”**

I also serve as one of two Co-Chairs of the Southwest Border Region Partnership’s steering committee. This is a network representative of over 84 counties within 150 miles from the U.S./Mexico border, from Brownsville, Texas to San Diego, California. These communities developed a strategic planning framework and identified common challenges and possible solutions that included both private and public sector involvement (**See Attachment E – SBRP PowerPoint**).

The SBRP realized that in order to have true sustainable economic development the private sector needed to be at the table. On December 5, 1998 the SBRP and the Border Trade Alliance (BTA), a trade and commerce advocacy organization, formed a strategic alliance to assist communities to improve economic development opportunities (**Attachment F – Resolution**).

The Community Development Block Grant (CDBG) program works largely to ensure decent affordable housing, provide services to the most vulnerable in our communities, create jobs and expand business opportunities.

CDBG funds have made considerable differences in the lives of generally distressed communities in our nation. However, it is but only the beginning as we advocate for continued investment in Americas depressed communities.

The RGVEZC does not receive CDBG funding. Generally distressed communities in the RGVEZC census tracts and in the 84 counties along the Southwest Border Region do receive some form of CDBG funds. The housing and economic development work that we engage in is structured so that we are only “part” of the funding of any project in our communities. We believe strongly that communities must feel a sense of ownership and accountability to the project in order for it to succeed and be sustainable.

Our track record includes successful partnerships in the development and implementation of projects such as water wastewater treatment plants, Boys & Girls clubs, health clinics and job creation through small business development. We partner with municipal, county, and state governments but most importantly we do this as a community based entity that holds our partners accountable to specific outcomes. Noted in our successful record is that fact that we have invested \$38.3 million dollars and have leveraged other investment into our communities for a total of \$416 million dollars **(Attachment G – Return On Investment, Attachment H – Project Leverage Funds).**

My experience in identifying and assessing community needs spans back to 1995, when I began working with EZ communities. Who better to tell us what was needed than those individuals living, working, providing services and/or starting or expanding a business in the community? These were individuals with a true vested interest in their community **(Attachment I – RGVEZC Strategic Plan, Attachment J - SBRP State Strategic Plans).**

Through the support of Senator Hutchison (R) and Congressman Hinojosa (D-15), the Southwest Border Region Partnership together with one of its private sector partners, The Border Trade Alliance, was funded to provide a comprehensive assessment of the border region’s future economic health. This assessment was different in that we were interested in “Best Practices”. What affordable housing programs and small business development programs are working? Which have leveraged public sector monies with private sector investment? After careful review and discussion with stakeholders in communities all along the Southwest Border a compilation of best practices on two issues was developed. The following two issues were addressed:

1. Access to capital
  - a. for the development of affordable housing for the consumer as well as the developer

b. for creation and expansion of small business

## 2. Bridging the Digital Divide

A final report was submitted to Congress with recommendations (**Attachment K – ERA Report**).

Of particular interest was the fact that the most successful programs were those that included community participation, establishment of public/private partnerships, leveraging and were performance based.

I cannot speak about those programs that are not working but I can tell you that the RGVEZC was designated in 1994 and capitalized with a \$40,000,000 dollar seed investment (**Attachment L – RGVEZC Charts**).

Key factors to nurturing and growing the initial seed investment into \$416,000,000 dollars are as follows:

- Community participation
- Establishment of public and private sector partnerships
- Fiscal and programmatic accountability through performance and outcomes based contracts
- Leveraging of other dollars so that no one entity had to fund a project 100%
- A plan for future sustainability

This process has proven to be successful as evidenced by the return of \$10.00 dollars for every \$1.00 of investment (**Attachment G - Return on Investment**)

### **What a return on our Governments' investment!**

In a time of limited resources and critical community challenges we do not have the luxury of “**reinventing the wheel**”. Communities across America share common needs in affordable housing, business development, job training, infrastructure, education, public safety and environment. It is our belief that these common issues can be addressed by continued investment in programs and organizations that have a **proven** and **successful** track record.

We must continue to revitalize communities across America and provide for a better “**quality of life**” to all.